Bill would speed up implementation dates

Washington, DC—Congressman Tim Ryan (OH-17) voted earlier today to pass the Expedited Card Reform for Consumers Act, H.R. 3639, which will move the 9 month (February 20, 2010) and 15 month (August 22, 2010) implementation dates up to December 1, 2009. This Act will accelerate critical reforms to protect consumers from the abusive practices of the credit card industry.

Working to rebuild the economy, Congressman Ryan voted to enact tough new protections for consumers—including banning unfair rate increases, abusive fees, and penalties—and strengthening enforcement. This bipartisan measure of common sense reforms was signed into law on May 22, 2009. Since that time, instead of preparing to implement these consumer protection provisions, many credit card companies have raised interest rates and minimum payments, increased fees and tightened credit limits on consumers to get in under the wire before the effective date. In the first half of the year, interest rates climbed an average of 20 percent on credit cards representing more than 90 percent of outstanding balances.

“In May, we gave the credit card companies a timeline to implement important changes to protect consumers, and they raised their interest rates and minimum payments in order to make as much profit before these deadlines could take effect,” said Congressman Tim Ryan. “These petty techniques have no place in the business world, and I’m pleased to see that these abuses will come to an end next month.”

Banks stand to collect a record $38.5 billion in fees for customer overdrafts this year. The most cash-strapped customers are the hardest hit, with 90 per cent of overdraft fees coming from 10 percent of checking account holders. According to the Center for Responsible Lending, banks collect nearly $1 billion per year in overdraft fees from young adults and $4.5 billion from senior citizens. In Ohio alone, it’s estimated that consumers paid nearly $900 million in overdraft charges last year.

This legislation will lock in a ban on interest rate hikes on existing balances and tricks that have kept too many consumers trapped in a never-ending cycle of debt: such as double-cycle billing, due-date gamesmanship, and applying payments to lowest rates first.

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